

## Message Text

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43

ACTION EUR-25

INFO OCT-01 ADP-00 STR-08 XMB-07 OIC-04 AID-20 CEA-02

CIAE-00 COME-00 EB-11 EA-11 FRB-02 INR-09 IO-12

NEA-10 NSAE-00 RSC-01 OPIC-12 TRSE-00 CIEP-02 LAB-06

SIL-01 OMB-01 SS-14 NSC-10 PA-03 PRS-01 USIA-12 L-03

H-02 RSR-01 /191 W

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R 131258 Z MAR 73

FM USMISSION OECD PARIS

TO SECSTATE WASHDC 9028

INFO USMISSION EC BRUSSELS UNN

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

LIMITED OFFICIAL USE OECD PARIS 6167

E. O. 11652: N/A

TAGS: EFIN, OECD

SUBJECT: OECD MEETING ON RESULTS OF G-10 EXPANDED

REF: OECD 06143

1. SUMMARY. AT SPECIAL MEETING OF HEADS OF DELEGATIONS MARCH 10, 1973, SECGENVAN LENNEP PRESENTED REPORT AND CONCLUSIONS OF EXPANDED G-10 MEETING HELD MARCH 9, 1973 IN PARIS. HE OUTLINED THREE EC PROPOSALS MADE AT G-10 MEETING. HE FELT THAT MOST POSITIVE ASPECT OF MEETING WAS THAT COUNTRIES HAVE AGREED ON NEED FOR COOPERATIVE ACTION AND THAT IT CAN BE SHOWN THAT THERE EXISTS THE WILL TO COME TO CREDIBLE SOLUTION. HOWEVER, FOR MOMENT THERE HAS BEEN NO COMMITMENT ON SUBSTANTIVE FORM COOPERATION WILL TAKE  
END SUMMARY.

2. THREE PROPOSALS BY EC AS OUTLINED BY SECGEN WERE  
(1) INTERVENTION TO SUPPORT MARKET RATES, (2) CONTROL OF  
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DOMESTIC AND INTERNATIONAL LIQUIDITY, AND (3) CONTROL OF INTERNATIONAL SPECULATIVE CAPITAL MOVEMENTS. SECGEN NOTED THAT LATTER TWO POINTS WERE PARTICULARLY RELEVANT TO WORK IN XCNS AND WP-3.

3. AUSTRALIAN, GREEK, SPANISH AND OTHER DELEGATES REQUESTED THAT DETAILS OF EC PROPOSALS WHICH HAD BEEN DIRECTD TO U. S. BE MADE AVAILABLE TO THEM. SECGEN INDICATED THAT HE HAD NOT SEEN DETAILS, AND WOULD PREFER TO LEAVE IT TO THE BELGIAN AND U. S. DELEGATES TO DETERMINE JOINTLY WHETHER OR NOT FURTHER INFORMATION SHOULD BE MADE AVAILABLE ON THESE POINTS. HE INDICATED THAT ANY DISCUSSIONS WOULD HAVE TO BE HANDLED EXTREMELY CAREFULLY. THERE HAD BEEN NO INDICATION IN THE MEETINGS REGARDING EXTENT TO WHICH U. S. HAD AGREED PROPOSALS MIGHT BE BASIS FOR DISCUSSION.

4. IN RESPONSE TO QUESTION BY JAPANESE DEL, SECGEN ACKNOWLEDGED THAT FLOATING WAS MENTIONED, AND THAT KEY QUESTION WAS WHETHER INTERVENTION IN MARKETS WOULD BE TO DEFEND FIXED OR FLOATING ( SIC) RATES. THIS PROBLEM WOULD PRESUMABLY BE DISCUSSED FURTHER IN BRUSSELS.

5. U. S. DELEGATE AGREED WITH SECGEN STATEMENT THAT MEETINGS WERE MODEST BUT POSITIVE STEP, THAT THEY HAD GIVEN OPPORTUNITY FOR USEFUL EXCHANGE OF VIEWS WHICH HAD NOT, HOWEVER, LED TO SUBSTANTIVE DECISIONS, AND THAT MEETING HAD GIVEN EVIDENCE TO WORLD OF COMMON CONCERN FOR REACHING WORKABLE SOLUTIONS. HE NOTED ALSO THAT COMING WORK WAS DIVIDED IN TWO PARTS : ( 1) PREPARATORY WORK OF DEPUTIES LEADING UP TO NEXT MEETING OF MINISTERS ON FRIDAY AND (2) URGENT CONSIDERATION OF RELATED LONG- TERM ISSUES; U. S. DEL STRESSED IMPORTANCE PARA 7 OF COMMUNIQUE ( ON MONETARY REFORM) IN THIS CONNECTION. EVIDENCE THAT GOVERNMENTS WERE DETERMINED TO MOVE AHEAD; WHICH HAS BEEN MISSING IN PAST, SHOULD BOLSTER CONFIDENCE OF MARKETS.

6. GREEK DEL NOTED THAT THIS WAS FIRST TIME KEY MINISTERS MEETING IN SUCH CRISIS PERIOD HAS AGREED THAT CRISIS HAD BEEN DUE MAINLY TO SPECULATIVE CAPITAL MOVEMENTS. HE FELT THIS WOULD HAVE STRONG IMPACT ON PUBLIC OPINION. HE ALSO FELT THAT STRESS GIVEN TO FACT THAT PRESENT RATES ARE LIMITED OFFICIAL USE

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APPROPRIATELY RELATED TO ECONOMIC REALITIES WILL ALSO HAVE

FAVORABLE IMPACT ON PUBLIC OPINION.

BROWN

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

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